



**Local Agency  
Formation Commission**  
**LAFCO of Napa County**

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**OCTOBER 3, 2005**  
**AGENDA ITEM NO. 8b**

September 23, 2005

**TO:** Local Agency Formation Commission

**FROM:** Daniel Schwarz, Executive Officer

**SUBJECT: Comprehensive Study of Landscaping and Lighting Districts: Service Review Supplemental Report**

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At its June 6, 2005 meeting, the Commission received a draft report (attached) as part of the Comprehensive Study of Landscaping and Lighting Districts. Page 5 of the report discusses the fact that potable water service within the boundaries of the Silverado Community Services District (CSD) was originally provided by the District through a contract with the City of Napa. The report notes that in 1977, the City of Napa assumed ownership and full control of the Silverado CSD system. This supplemental report is intended to fulfill staff's commitment in Footnote No. 4 (found on Page 5) to further evaluate the extent of Napa's responsibility to serve water in the Silverado Urban Area.

A 1966 agreement (City Contract No. 1409) between the City of Napa and Westgate Factors, Limited, the developers of the Silverado Urban Area provided that the City would deliver water to the emerging project. This agreement addressed the anticipated formation by the County of a governmental agency to provide municipal services in the Silverado Urban Area and stated that the developer would transfer the water system in the Silverado Urban Area to the newly formed entity. The agreement also provided that the newly formed government agency would be bound the terms of Contract No. 1409 to honor an option for the City to purchase and operate the Silverado water system in 1977. As noted in the draft report, this purchase did come to pass.

Staff has evaluated City Contract No. 1409 and related documents and determined that Napa is obligated to serve any new connection within the service area defined by that agreement. Pursuant to the agreement, Napa can and does charge the service area rates equal to its out-of-City rates for other customers. The defined service area is coterminous with the current boundaries of the Silverado CSD. Were any territory to be added to the Silverado CSD in the future, it would be outside the defined service area and not entitled to water service from Napa pursuant to the contract.

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Daniel Schwarz  
Executive Officer